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Office of the United States Trade Representative.  
600 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20508

**Re: Inv. No. TA-201-73 (Certain Steel Products)**

Dear Madam Secretary:

Enclosed please find the exclusion requests submitted on behalf of the European Steel Tube Association in the above referenced investigation. These requests are filed pursuant to the United States Trade Representative's October 26, 2001 Notice in the Federal Register (66 Fed. Reg. 54321). Please do not hesitate to contact us if you have any questions regarding this submission

Respectfully submitted,  
BARNES, RICHARDSON & COLBURN

By: Matthew T. McGrath

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Matthew T. McGrath  
Counsel to ESTA

In the Matter of Review of the Determination of )  
the U.S. International Trade Commission in )  
Investigation of )  
**Certain Steel Products** )  
Investigation No. TA-201-73 )

1. Welded large diameter line pipe 18 inches to 22 inches in outside diameter (“OD”) with wall thickness of 0.75 inches and greater, classified under HTSUS 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50;

2. Welded large diameter line pipe 24 inches to less than 30 inches OD: with a wall thickness of over 0.875 inches – Grades A/B/X42; with a wall thickness over 0.75 inches – Grades X-52 and X-56; with a wall thickness over 0.688 inches – Grades X60 and higher, classified under HTSUS 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50;
3. Welded large diameter line pipe 30 inches to less than 36 inches OD: with a wall thickness over 1.25 inches – Grades A/B/X42; with a wall thickness over 1 inch – Grades X-52 and X-56; with a wall thickness over 0.875 inches – Grades X60 and higher, classified under HTSUS 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50;
4. Welded large diameter line pipe 36 inches to less than 42 inches OD: with a wall thickness over 1.375 inches – Grades A/B/X42; with a wall thickness over 1.25 inches – Grades X-52 and X-56; with a wall thickness over 1.125 inches – Grades X60 and higher, classified under HTSUS 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50;
5. Welded large diameter line pipe 42 inches to through 64 inches OD: with a wall thickness over 1.5 inches – Grades A/B/X42; with a wall thickness over 1.375 inches – Grades X-52 and X-56; with a wall thickness over 1.25 inches – Grades X60 and higher, classified under HTSUS 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50;
6. Welded large diameter line pipe with an outside diameter measuring greater than or equal to 64 inches regardless of wall thickness or grade, classified under HTSUS 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50;
7. High Frequency Induction (“HFI”) welded line pipe for deep water applications, classified under HTSUS 7305.12.10.30;
8. Spirally submerge arc welded line pipe manufactured via the new tow-step welding process, classified under HTSUS 7305.19.10.60.

ESTA once again requests that if there is a trade-related remedy against large diameter line pipe generally, these products should be excluded because they are not available from domestic mills and therefore cannot be a cause of injury to the domestic industry. Most of these products were voluntarily excluded by the petitioning domestic industry in the antidumping investigation *Welded Large*

*Diameter Line Pipe from Japan and Mexico.*<sup>1</sup> The products that were excluded from that investigation are divided into six separate ranges of outside diameters, wall thickness, and grades and are listed herein as Exclusions Request #1 through Exclusion Request #6. In addition to these six exclusion requests, ESTA also requests exclusion of certain specialty large diameter line pipe products, namely High Frequency Induction (“HFI”) welded line pipe for deep water applications (Exclusion Request # 7) and Spirally submerge arc welded line pipe manufactured via the two-step welding process (Exclusion Request #8).

In the Commission’s Section 201 investigation on Stainless and Alloy Tool Steel, the Commission set forth criteria for evaluating exemption requests. They are as follows:

1. Whether the product is presently made or has recently been made by U.S. producers;
2. Whether the product is a necessary article for a particular end use, and has limited or no other applications outside that use;
3. Whether the product requires special machinery or equipment or expertise to manufacture, and whether it is produced at only a limited number of facilities abroad;
4. Whether the product represents a small share of U.S. consumption of the generic product category; and
5. Whether the product represents a small volume of imports.

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<sup>1</sup> See attached Notice of Final Determination of Sales at Less Than Fair Value: Welded Large Diameter Line Pipe from Japan, 66 Fed. Reg. 47172, and letter from Schagrin and Associates, dated April 9, 2001 requested exclusion of certain products from the scope of the investigation.

According to the Commission's decision in the *Stainless Alloy Tool Steel* investigation, the criteria were "designed to establish the extent to which each requested product filled a need in the U.S. that could not be supplied by U.S. producers, due to such factors as small volume, unique end use application, and/or return on investment, and would not likely be supplied even if restrictions on imports were put into place."<sup>1</sup> The specific exclusion requests made by ESTA meet the Commission's criteria and overall objectives by not restricting domestic access to products that cannot be supplied by U.S. producers.

We provide the following information requested by the USTR, to the best of our knowledge and ability:

**Exclusion Request #1:**

**Product Designation/Description:** Welded line pipe made to API 5L standards with an outside diameter measuring greater than or equal to 18 inches and less than or equal to 22 inches with a wall thickness greater than 0.753 inches, regardless of grade, classified under HTSUS 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50. This pipe is high strength with advanced properties regarding ductility and toughness. The steel is vacuum designed, calcium treated and continuous cast. The plate used in this pipe is thermomechanically rolled with accelerated cooling. This pipe has a more restricted chemistry (e.g. extreme low sulfur content). The plate surface is covered by ultrasonic testing and there are very low impurities and high cleanliness in the base material. The

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<sup>1</sup> *Stainless Steel and Alloy Tool Steel*, Inv. No. TA-201-48, USITC Pub. 1377, at page 60.

physical properties of these pipes allow them to be used in high pressure applications, such as deep water and sour service.

**Basis for Exclusion:** These products are not made by domestic manufacturers. Domestic manufacturers of welded line pipe have specifically requested that these products be excluded from the antidumping investigation into *Welded Large Diameter Line Pipe from Japan and Mexico*. (See attachment). In the 201 investigation counsel for domestic producers Stupp, Inc. and American Steel Pipe, petitioners in the antidumping investigation did not indicate any objection to the exclusion of these products when asked directly at the Commission's hearing<sup>2</sup>. Domestic producer Berg, who was also a petitioner in the antidumping investigation has indicated, in direct contact with counsel for ESTA, that they do not object to the exclusion of these products in this investigation.

These larger diameter, thick walled pipes are needed because of their ability to withstand high pressure applications, such as deep water applications and "sour service"<sup>3</sup> applications.

Purchasers cannot use the thinner walled, lower grade, large diameter line pipe that is produced domestically for these applications because of the risk of catastrophic failure.

The inclusion of products, not made in the United States, would exceed the minimum amount of relief necessary to prevent injury and would not serve to facilitate the adjustment of the domestic industry. It is the Administration's responsibility not to provide a remedy in which the economic and social costs of

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<sup>2</sup> See Transcript of International Trade Commission Hearing, October 8, 2001, at page 785.

<sup>3</sup> Sour service refers to service for sour gas and sour oil which is oil or gas containing free sulfur, hydrogen sulfur (H<sub>2</sub>S), or other sulfur compounds in excess of 1 percent (for oil) or 10 grains of H<sub>2</sub>S or 200 grains of total sulfur per 1,000 cubic feet (for gas). See *Circular Welded Carbon Quality Line Pipe*, Inv. No TA-201-70, USITC Pub. 3261 (December 1999) at page II-6.

the remedy exceed the benefits or with a remedy which would have excessive adverse effects on domestic consumers and domestic competition.

**Producers:** There are producers of these products in Europe and Japan, including Europipe GmbH, Bergrohr GmbH, in Germany, Corus Tubes in the United Kingdom, and Nippon Steel, NKK, Kawasaki Steel Corporation, and Sumitomo Metal Industries, Ltd. in Japan. There are no U.S. producers of this product.

**Total U.S. Consumption:**

Following are estimates of U.S consumption in short tons based on imports from European and Japanese mills during the years indicated:

<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
2,083	15,384	72,579	22,162	22,386

Regarding projection of future consumption, ESTA notes that demand for these products is subject to the development of the energy sector (consumption / demand of oil, gas and power). The demand for energy in the U.S. is increasing therefore there is an increasing demand for new pipelines. At present ESTA is looking into U.S. projects such as the Trans Alaska Gas System and the Blue Atlantic Pipeline. Further projects may be announced and realized on a short notice basis.

**Total U.S. Production:** None.

**Substitute Products:** There are currently no U.S.-produced substitute products for these products.

While U.S. producers are capable of making large diameter line pipe, none are capable of making line pipe in the diameters/thickness/grade combinations to withstand the high pressure applications that the products for which ESTA is requesting exclusions are needed for.

**Exclusion Request #2:**

**Product Designation/Description:** Welded line pipe made to API 5L standards with an outside diameter measuring greater than or equal to 24 inches and less than 30 inches with a wall thickness greater than 0.875 inches in grades A, B, and X-42; with a wall thickness greater than 0.750 inches in grades X-52 through X-57; and with a wall thickness greater than 0.688 inches in grades X-60 and higher, classified under HTSUS 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50. This pipe is high strength with advanced properties regarding ductility and toughness. The steel is vacuum designed, calcium treated and continuous cast. The plate used in this pipe is thermomechanically rolled with accelerated cooling. This pipe has a more restricted chemistry (e.g. extreme low sulfur content). The plate surface is covered by ultrasonic testing and there are very low impurities and high cleanliness in the base material. The physical properties of these pipes allow them to be used in high pressure applications, such as deep water and sour service.

**Basis for Exclusion:** These products are not made by domestic manufacturers. Domestic manufacturers of welded line pipe have specifically requested that these products be excluded from the antidumping investigation into *Welded Large Diameter Line Pipe from Japan and Mexico*. (See attachment). In the 201 investigation counsel for domestic producers Stupp, Inc. and American Steel



Pipe, petitioners in the antidumping investigation did not indicate any objection to the exclusion of these products when asked directly at the Commission's hearing<sup>1</sup>. Domestic producer Berg, who was also a petitioner in the antidumping investigation has indicated, in direct contact with counsel for ESTA, that they do not object to the exclusion of these products in this investigation.

These larger diameter, thick walled pipes are needed because of their ability to withstand high pressure applications, such as deep water applications and "sour service"<sup>2</sup> applications.

Purchasers cannot use the thinner walled, lower grade, large diameter line pipe that is produced domestically for these applications because of the risk of catastrophic failure.

The inclusion of products, not made in the United States, would exceed the minimum amount of relief necessary to prevent injury and would not serve to facilitate the adjustment of the domestic industry. It is the Administration's responsibility not to provide a remedy in which the economic and social costs of the remedy exceed the benefits or with a remedy which would have excessive adverse effects on domestic consumers and domestic competition.

**Producers:** There are producers of these products in Europe and Japan, including Europipe GmbH, Bergrohr GmbH, in Germany, Corus Tubes in the United Kingdom, and Nippon Steel, and NKK in Japan. There are no U.S. producers.

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<sup>1</sup> See Transcript of International Trade Commission Hearing, October 8, 2001, at page 785.

<sup>2</sup> Sour service refers to service for sour gas and sour oil which is oil or gas containing free sulfur, hydrogen sulfur (H<sub>2</sub>S), or other sulfur compounds in excess of 1 percent (for oil) or 10 grains of H<sub>2</sub>S or 200 grains of total sulfur per 1,000 cubic feet (for gas). See *Circular Welded Carbon Quality Line Pipe*, Inv. No TA-201-70, USITC Pub. 3261 (December 1999) at page II-6.

**Total U.S. Consumption:**

Following are estimates of U.S consumption in short tons based on imports from European and Japanese mills during the years indicated:

<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
2,461	4,673	24,728	8,081	16,105

Regarding projects of future consumption, ESTA notes that demand for these products is subject to the development of the energy sector (consumption / demand of oil, gas and power). The demand for energy in the U.S. is increasing therefore there is an increasing demand for new pipelines. At present ESTA is looking into U.S. projects such as the Trans Alaska Gas System and the Blue Atlantic Pipeline. Further projects may be announced and realized on a short notice basis.

**Total U.S. Production:** None.

**Substitute Products:** There are currently no U.S.-produced substitute products for these products.

While U.S. producers are capable of making large diameter line pipe, none are capable of making line pipe in the diameters/thickness/grade combinations to withstand the high pressure applications that the products for which ESTA is requesting exclusions are needed for.

**Exclusion Request #3:**

**Product Designation/Description:** Welded line pipe made to API 5L standards with an outside diameter measuring greater than or equal to 30 inches and less than 36 inches with a wall thickness

greater than 1.250 inches, in grades A, B, and X-42; with a wall thickness greater than 1.000 inches in grades X-52 through X-56; and a wall thickness of greater than 0.875 inches in grades X-60 and above, classified under HTSUS 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50. This pipe is high strength with advanced properties regarding ductility and toughness. The steel is vacuum designed, calcium treated and continuous cast. The plate used in this pipe is thermomechanically rolled with accelerated cooling. This pipe has a more restricted chemistry (e.g. extreme low sulfur content). The plate surface is covered by ultrasonic testing and there are very low impurities and high cleanliness in the base material. The physical properties of these pipes allow them to be used in high pressure applications, such as deep water and sour service.

**Basis for Exclusion:** These products are not made by domestic manufacturers. Domestic manufacturers of welded line pipe have specifically requested that these products be excluded from the antidumping investigation into *Welded Large Diameter Line Pipe from Japan and Mexico*. (See attachment). In the 201 investigation counsel for domestic producers Stupp, Inc. and American Steel Pipe, petitioners in the antidumping investigation did not indicate any objection to the exclusion of these products when asked directly at the Commission's hearing<sup>1</sup>. Domestic producer Berg, who was also a petitioner in the antidumping investigation has indicated, in direct contact with counsel for ESTA, that they do not object to the exclusion of these products in this investigation.

These larger diameter, thick walled pipes are needed because of their ability to withstand high pressure

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<sup>1</sup> See Transcript of International Trade Commission Hearing, October 8, 2001, at page 785.

applications, such as deep water applications and “sour service”<sup>2</sup> applications.

Purchasers cannot use the thinner walled, lower grade, large diameter line pipe that is produced domestically for these applications because of the risk of catastrophic failure.

The inclusion of products, not made in the United States, would exceed the minimum amount of relief necessary to prevent injury and would not serve to facilitate the adjustment of the domestic industry. It is the Administration’s responsibility not to provide a remedy in which the economic and social costs of the remedy exceed the benefits or with a remedy which would have excessive adverse effects on domestic consumers and domestic competition.

**Producers:** There are producers of these products in Europe and Japan, including Europipe GmbH, Bergrohr GmbH, in Germany, Corus Tubes in the United Kingdom, and Nippon Steel, NKK, Kawasaki Steel Corporation, and Sumitomo Metal Industries, Ltd. in Japan. There are no U.S. producers of this product.

**Total U.S. Consumption:**

Following are estimates of U.S consumption in short tons based on imports from European and Japanese mills during the periods indicated:

<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
5,842	4,221	23,011	5,164	1,955

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<sup>2</sup> Sour service refers to service for sour gas and sour oil which is oil or gas containing free sulfur, hydrogen sulfur (H<sub>2</sub>S), or other sulfur compounds in excess of 1 percent (for oil) or 10 grains of H<sub>2</sub>S or 200 grains of total sulfur per 1,000 cubic feet (for gas). See *Circular Welded Carbon Quality Line Pipe*, Inv. No TA-201-70, USITC Pub. 3261 (December 1999) at page II-6.

Regarding projects of future consumption, ESTA notes that demand for these products is subject to the development of the energy sector (consumption / demand of oil, gas and power). The demand for energy in the U.S. is increasing therefore there is an increasing demand for new pipelines. At present ESTA is looking into U.S. projects such as the Trans Alaska Gas System and the Blue Atlantic Pipeline. Further projects may be announced and realized on a short notice basis.

**Total U.S. Production:** None.

**Substitute Products:** There are currently no U.S.-produced substitute products for these products.

While U.S. producers are capable of making large diameter line pipe, none are capable of making line pipe in the diameters/thickness/grade combinations to withstand the high pressure applications that the products for which ESTA is requesting exclusions are needed for.

#### **Exclusion Request #4**

**Product Designation/Description:** Welded line pipe made to API 5L standards with an outside diameter measuring greater than or equal to 36 inches and less than 42 inches with a wall thickness greater than 1.375 inches, in grades A, B, and X-42; with a wall thickness greater than 1.250 inches in grades X-52 through X-56; and a wall thickness of greater than 1.125 inches in grades X-60 and above, classified under HTSUS 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50. This pipe is high strength with advanced properties regarding ductility and toughness. The steel is vacuum designed, calcium treated and continuous cast. The plate used in this pipe is

thermomechanically rolled with accelerated cooling. This pipe has a more restricted chemistry (e.g. extreme low sulfur content). The plate surface is covered by ultrasonic testing and there are very low impurities and high cleanliness in the base material. The physical properties of these pipes allow them to be used in high pressure applications, such as deep water and sour service.

**Basis for Exclusion:** These products are not made by domestic manufacturers. Domestic manufacturers of welded line pipe have specifically requested that these products be excluded from the antidumping investigation into *Welded Large Diameter Line Pipe from Japan and Mexico*. (See attachment). In the 201 investigation counsel for domestic producers Stupp, Inc. and American Steel Pipe, petitioners in the antidumping investigation did not indicate any objection to the exclusion of these products when asked directly at the Commission's hearing<sup>1</sup>. Domestic producer Berg, who was also a petitioner in the antidumping investigation has indicated, in direct contact with counsel for ESTA, that they do not object to the exclusion of these products in this investigation. These larger diameter, thick walled pipes are needed because of their ability to withstand high pressure applications, such as deep water applications and "sour service"<sup>2</sup> applications.

Purchasers cannot use the thinner walled, lower grade, large diameter line pipe that is produced domestically for these applications because of the risk of catastrophic failure.

The inclusion of products, not made in the United States, would exceed the minimum amount of relief

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<sup>1</sup> See Transcript of International Trade Commission Hearing, October 8, 2001, at page 785.

<sup>2</sup> Sour service refers to service for sour gas and sour oil which is oil or gas containing free sulfur, hydrogen sulfur (H<sub>2</sub>S), or other sulfur compounds in excess of 1 percent (for oil) or 10 grains of H<sub>2</sub>S or 200 grains of total sulfur per 1,000 cubic feet (for gas). See *Circular Welded Carbon Quality Line Pipe*, Inv. No TA-201-70, USITC Pub. 3261 (December 1999) at page II-6.

necessary to prevent injury and would not serve to facilitate the adjustment of the domestic industry. It is the Administration's responsibility not to provide a remedy in which the economic and social costs of the remedy exceed the benefits or with a remedy which would have excessive adverse effects on domestic consumers and domestic competition.

**Producers:** There are producers of these products in Europe and Japan, including Europipe GmbH, Bergrohr GmbH, in Germany, Corus Tubes in the United Kingdom, and Nippon Steel, NKK, Kawasaki Steel Corporation, and Sumitomo Metal Industries, Ltd. in Japan. There are no U.S. producers of this product.

**Total U.S. Consumption:**

Following are estimates of U.S consumption in short tons based on imports from European and Japanese mills during the periods indicated:

<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
3,585	4,612	12,692	5,753	11,893

Regarding projects of future consumption, ESTA notes that demand for these products is subject to the development of the energy sector (consumption / demand of oil, gas and power). The demand for energy in the U.S. is increasing therefore there is an increasing demand for new pipelines. At present ESTA is looking into U.S. projects such as the Trans Alaska Gas System and the Blue Atlantic Pipeline. Further projects may be announced and realized on a short notice basis.

**Total U.S. Production:** None.

**Substitute Products:** There are currently no U.S.-produced substitute products for these products.

While U.S. producers are capable of making large diameter line pipe, none are capable of making line pipe in the diameters/thickness/grade combinations to withstand the high pressure applications that the products for which ESTA is requesting exclusions are needed for.

#### **Exclusion Request #5**

**Product Designation/Description:** Welded line pipe made to API 5L standards with an outside diameter measuring greater than or equal to 42 inches and less than 64 inches with a wall thickness greater than 1.500 inches, in grades A, B, and X-42; with a wall thickness greater than 1.375 inches in grades X-52 through X-56; and a wall thickness of greater than 1.250 inches in grades X-60 and above, classified under HTSUS 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50. This pipe is high strength with advanced properties regarding ductility and toughness. The steel is vacuum designed, calcium treated and continuous cast. The plate used in this pipe is thermomechanically rolled with accelerated cooling. This pipe has a more restricted chemistry (e.g. extreme low sulfur content). The plate surface is covered by ultrasonic testing and there are very low impurities and high cleanliness in the base material. The physical properties of these pipes allow them to be used in high pressure applications, such as deep water and sour service.

**Basis for Exclusion:** These products are not made by domestic manufacturers. Domestic



manufacturers of welded line pipe have specifically requested that these products be excluded from the antidumping investigation into *Welded Large Diameter Line Pipe from Japan and Mexico*. (See attachment). In the 201 investigation counsel for domestic producers Stupp, Inc. and American Steel Pipe, petitioners in the antidumping investigation did not indicate any objection to the exclusion of these products when asked directly at the Commission's hearing<sup>1</sup>. Domestic producer Berg, who was also a petitioner in the antidumping investigation has indicated, in direct contact with counsel for ESTA, that they do not object to the exclusion of these products in this investigation. These larger diameter, thick walled pipes are needed because of their ability to withstand high pressure applications, such as deep water applications and "sour service"<sup>2</sup> applications.

Purchasers cannot use the thinner walled, lower grade, large diameter line pipe that is produced domestically for these applications because of the risk of catastrophic failure.

The inclusion of products, not made in the United States, would exceed the minimum amount of relief necessary to prevent injury and would not serve to facilitate the adjustment of the domestic industry. It is the Administration's responsibility not to provide a remedy in which the economic and social costs of the remedy exceed the benefits or with a remedy which would have excessive adverse effects on domestic consumers and domestic competition.

**Producers:** There are producers of these products in Europe and Japan, including Europipe GmbH,

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<sup>1</sup> See Transcript of International Trade Commission Hearing, October 8, 2001, at page 785.

<sup>2</sup> Sour service refers to service for sour gas and sour oil which is oil or gas containing free sulfur, hydrogen sulfur (H<sub>2</sub>S), or other sulfur compounds in excess of 1 percent (for oil) or 10 grains of H<sub>2</sub>S or 200 grains of total sulfur per 1,000 cubic feet (for gas). See *Circular Welded Carbon Quality Line Pipe*, Inv. No TA-201-70, USITC Pub. 3261 (December 1999) at page II-6.

Bergrohr GmbH, in Germany, Corus Tubes in the United Kingdom, and Nippon Steel, NKK, Kawasaki Steel Corporation, and Sumitomo Metal Industries, Ltd. in Japan. There are no U.S. producers of this product.

**Total U.S. Consumption:**

Following are estimates of U.S consumption in short tons based on imports from European and Japanese mills during the periods indicated:

<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
605	662	2,401	5,563	646

Regarding projects of future consumption, ESTA notes that demand for these products is subject to the development of the energy sector (consumption / demand of oil, gas and power). The demand for energy in the U.S. is increasing therefore there is an increasing demand for new pipelines. At present ESTA is looking into U.S. projects such as the Trans Alaska Gas System and the Blue Atlantic Pipeline. Further projects may be announced and realized on a short notice basis.

**Total U.S. Production:** None.

**Substitute Products:** There are currently no U.S.-produced substitute products for these products.

While U.S. producers are capable of making large diameter line pipe, none are capable of making line pipe in the diameters/thickness/grade combinations to withstand the high pressure applications that the products for which ESTA is requesting exclusions are needed for.

## **Exclusion Request # 6**

**Product Designation/Description:** Welded line pipe made to API 5L standards with an outside diameter measuring greater than or equal to 64 inches regardless of wall thickness or grade, classified under HTSUS 7305.11.10, 7305.11.50, 7305.12.10, 7305.12.50, 7305.19.10, and 7305.19.50. This pipe is high strength with advanced properties regarding ductility and toughness. The steel is vacuum designed, calcium treated and continuous cast. The plate used in this pipe is thermomechanically rolled with accelerated cooling. This pipe has a more restricted chemistry (e.g. extreme low sulfur content). The plate surface is covered by ultrasonic testing and there are very low impurities and high cleanliness in the base material. The physical properties of these pipes allow them to be used in high pressure applications, such as deep water and sour service.

**Basis for Exclusion:** These products are not made by domestic manufacturers. Domestic manufacturers of welded line pipe have specifically requested that these products be excluded from the antidumping investigation into *Welded Large Diameter Line Pipe from Japan and Mexico*. (See attachment). In the 201 investigation counsel for domestic producers Stupp, Inc. and American Steel Pipe, petitioners in the antidumping investigation did not indicate any objection to the exclusion of these products when asked directly at the Commission's hearing<sup>1</sup>. Domestic producer Berg, who was also a petitioner in the antidumping investigation has indicated, in direct contact with counsel for ESTA, that they do not object to the exclusion of these products in this investigation. These larger diameter, thick walled pipes are needed because of their ability to withstand high pressure applications, such as deep

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<sup>1</sup> See Transcript of International Trade Commission Hearing, October 8, 2001, at page 785.

water applications and “sour service”<sup>2</sup> applications.

Purchasers cannot use the thinner walled, lower grade, large diameter line pipe that is produced domestically for these applications because of the risk of catastrophic failure.

The inclusion of products, not made in the United States, would exceed the minimum amount of relief necessary to prevent injury and would not serve to facilitate the adjustment of the domestic industry. It is the Administration’s responsibility not to provide a remedy in which the economic and social costs of the remedy exceed the benefits or with a remedy which would have excessive adverse effects on domestic consumers and domestic competition.

**Producers:** There are producers of these products in Europe and Japan, including Europipe GmbH, Bergrohr GmbH, in Germany, Corus Tubes in the United Kingdom, and Nippon Steel, NKK, Kawasaki Steel Corporation, and Sumitomo Metal Industries, Ltd. in Japan. There are no U.S. producers of this product.

**Total U.S. Consumption:**

Following are estimates of U.S consumption in short tons based on imports from European and Japanese mills during the periods indicated:

<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
757	767	2,750	799	748

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<sup>2</sup> Sour service refers to service for sour gas and sour oil which is oil or gas containing free sulfur, hydrogen sulfur (H<sub>2</sub>S), or other sulfur compounds in excess of 1 percent (for oil) or 10 grains of H<sub>2</sub>S or 200 grains of total sulfur per 1,000 cubic feet (for gas). See *Circular Welded Carbon Quality Line Pipe*, Inv. No TA-201-70, USITC Pub. 3261 (December 1999) at page II-6.

Regarding projects of future consumption, ESTA notes that demand for these products is subject to the development of the energy sector (consumption / demand of oil, gas and power). The demand for energy in the U.S. is increasing therefore there is an increasing demand for new pipelines. At present ESTA is looking into U.S. projects such as the Trans Alaska Gas System and the Blue Atlantic Pipeline. Further projects may be announced and realized on a short notice basis.

**Total U.S. Production:** None.

**Substitute Products:** There are currently no U.S.-produced substitute products for these products. While U.S. producers are capable of making large diameter line pipe, none are capable of making line pipe in the diameters/thickness/grade combinations to withstand the high pressure applications that the products for which ESTA is requesting exclusions are needed for.

#### **Exclusion Request #7**

**Product Designation:** High Frequency Induction (“HFI”) welded line pipe for deep water applications, classified under HTSUS 7305.12.10.30.

**Product Description:** Longitudinally high frequency induction welded line pipe made in strict accordance to the API-5L standards and is used in the transportation of oil and gas. Line pipe is also certified to a customer’s proprietary specifications which are more stringent than the requirements of API-5L, but is allowed under the API-5L specification as per the SR sections.

The production process for HFI starts with continuous cast basic oxygen steel, which is rolled at a computerized rolling mill into coils. High frequency welding of pipe using the induction method, as opposed the conductive method, leads to a wider, more uniform temperature distribution across the weld zone. This process not only means that conductive welding is replaced by inductive welding, but it is the next, more advanced generation of ERW pipe manufacturing.<sup>1</sup> The HFI process is a further development of the entire production chain. The process uses a state-of-the-art nondestructive examination of the weld, the heat affected zone (“HAZ”), and the body. These pipes are double heat treated: the longitudinal stem and the HAZ are treated by double annealing with intermediate water quenching to ensure high weld-quality and high HAZ-quality.<sup>2</sup>

**Basis for Exclusion:** This product is not made by domestic manufacturers.

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<sup>1</sup> For the HFI welding process the edges are worked by rotary milling machines to be welded by mechanically pressing the edges together, and wherein the heat for welding is generated by electronic election induction (resistance to the flow of the electric current) in a computerized process. The produced weld area and heat-affected zone (HAZ) is uniform to higher properties.

<sup>2</sup> Further specifications for HFI welded line pipe are:

**Chemical Composition:** Low carbon steel ( $\leq 0.15\%$  C) in combination with low sulfur content  $\leq 0.003\%$  S)

**Steel/Coils (mainly for grades  $\geq X 56$ ):** Thermo mechanical rolled steel coils with restricted yield and tensile strength (max. difference between min. and max. 17,000 psi).

**Grain size:** ASTM  $\geq 10$ .

**Fracture Toughness Tests (Charpy V.32° F) for High Strength Steel:**

Min. average of 3 specimen                      60 J

Min. single    45 J

Min. average of all heats (>6)                      100 J

**NACE-Reqirments** according to NACE Standard MR 0175-2000.

**Non-Destructive Testing:** Ultrasonic (US)- testing of coil material and edge areas as well as double US-testing of the weld seam and HAZ.

**Hydrostatic Test Pressure:** 95% to 100% of specified minimum yield strength (SMYS).

**Tolerances:** Ovality 0.5%. Diameter max 1mm (8 5/8” to 20”) measured by circumference tape.

**Legnth:** Fixed length : tolerance max +/- 1ft.

**Straightness:** Deviation from a straight line: 0.75% of the length.

**Traceability:** 100% traceability from the steel maker to the coil to the pipe during all production steps until final dispatch.

**Warranty:** For each project there is a specially designed warranty

The inclusion of products, not made in the United States, would exceed the minimum amount of relief necessary to prevent injury and would not serve to facilitate the adjustment of the domestic industry.

HFI welded line pipe is designed for the most severe, critical applications faced by the oil and gas industry in the exploration, production and transportation of hydrocarbons for deep-water applications.

This product represents a very small share of U.S. consumption and a very small volume of imports. It is the Administration's responsibility not to provide a remedy in which the economic and social costs of the remedy exceed the benefits or with a remedy which would have excessive adverse effects on domestic consumers and domestic competition.

**Producers:** The producers of this product are Mannesmann Line Pipe GmbH in Germany, Corinth Pipeworks in Greece and Corus Tubes in the United Kingdom. There are no U.S. producers of this product.

**Total U.S. Consumption:**

Following are estimates of U.S consumption in short tons based on imports from European mills during the periods indicated:

<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
21,156	17,910	3,356	20,961	1,788

Regarding projects of future consumption, ESTA notes that demand for these products is subject to the development of the energy sector (consumption / demand of oil, gas and power). The demand for energy in the U.S. is increasing therefore there is an increasing demand for new pipelines. At present

ESTA is looking into U.S. projects such as the Trans Alaska Gas System and the Blue Atlantic Pipeline. Further projects may be announced and realized on a short notice basis.

**Total U.S. Production:** None.

**Substitute Products:** While there have been claims by domestic producers that they have the capability to make this product, there are currently no U.S.-producers that can make this product to specifications needed for deepwater applications. Also it should be noted that in the 201 investigation into Circular Welded Line Pipe certain U.S. producers stated that while they currently did not make this product, they planned to make it in the future. ESTA respectfully notes that remedies under Section 201 (the fair trade “escape clause”) are impermissible to reach into the future as is the case under Sections 701 and 731 (the countervailing and antidumping duty statutes) through the “prevention of establishment” criterion, which is missing from Section 201. Therefore Section 201 remedies may not be fashioned in the guise of antidumping and countervailing duty remedies with regard to their future affect, but are limited to present injury and present threat.

### **Exclusion Request #8**

**Product Designation:** Spirally submerge arc welded line pipe manufactured via the new tow-step welding process, classified under HTSUS 7305.19.10.60.

**Product Description:** Spirally submerge arc welded line pipe manufactured via the new two-step welding process made in strict accordance to the API-5L standards and is used in the transportation of



oil and gas. Line pipe is also certified to a customer's proprietary specifications which are more stringent than the requirements of API-5L, but is allowed under the API-5L specification as per the SR sections.

**Basis for Exclusion:** This product is not made by domestic manufacturers. The two-step spirally submerge arc welded product is a new process of pipe production. The problems associated with the standard spiral weld process has been eliminated by forming the tube and tack welding the seam line as a starting point. The internal and external submerge arc welding will be performed at a different welding station where by the tack weld s consumed in the internal and external welding. Pipe formed in this matter can be manufactured up to 100" outside diameter and up to 1.000" wall thickness.

The inclusion of products, not made in the United States, would exceed the minimum amount of relief necessary to prevent injury and would not serve to facilitate the adjustment of the domestic industry. It is the Administration's responsibility not to provide a remedy in which the economic and social costs of the remedy exceed the benefits or with a remedy which would have excessive adverse effects on domestic consumers and domestic competition.

**Producers:** The producers of this product are Salzgitter GmbH in Germany and Corinth Pipeworks in Greece . There are no U.S. producers of this product.

**Total U.S. Consumption:**

ESTA does not believe that there has been any U.S. consumption of this product as Corinth Pipeworks in Germany has only begun production of this product in February 2001 and ESTA does not know of any other U.S. consumption:

1996	1997	1998	1999	2000
0	0	0	0	0

Regarding projects of future consumption, ESTA notes that demand for these products is subject to the development of the energy sector (consumption / demand of oil, gas and power). The demand for energy in the U.S. is increasing therefore there is an increasing demand for new pipelines. At present ESTA is looking into U.S. projects such as the Trans Alaska Gas System and the Blue Atlantic Pipeline. Further projects may be announced and realized on a short notice basis.

**Total U.S. Production:** None.

**Substitute Products:** While longitudinal welded line pipe can be substituted for this product it is not available in the outside diameter sizes and wall thickness available for this product. The domestic producers of longitudinal welded line pipe are Berg, Napa, SAW, and Bethlehem. ESTA is not aware of each of these mills production of this product.

*Mark T. McFait*

### III. CONCLUSION

For the above stated reasons, ESTA requests that the Administration exclude the above products any remedy by the President.

Respectfully submitted,

By:\_\_\_\_\_

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